



**Tom Payne**

Senior Loan Consultant, loanDepot  
 NMLS# 1017004 #174457 Licensed in all 50 States  
 2835 St. Rose Parkway, Suite 120 Henderson, NV 89052

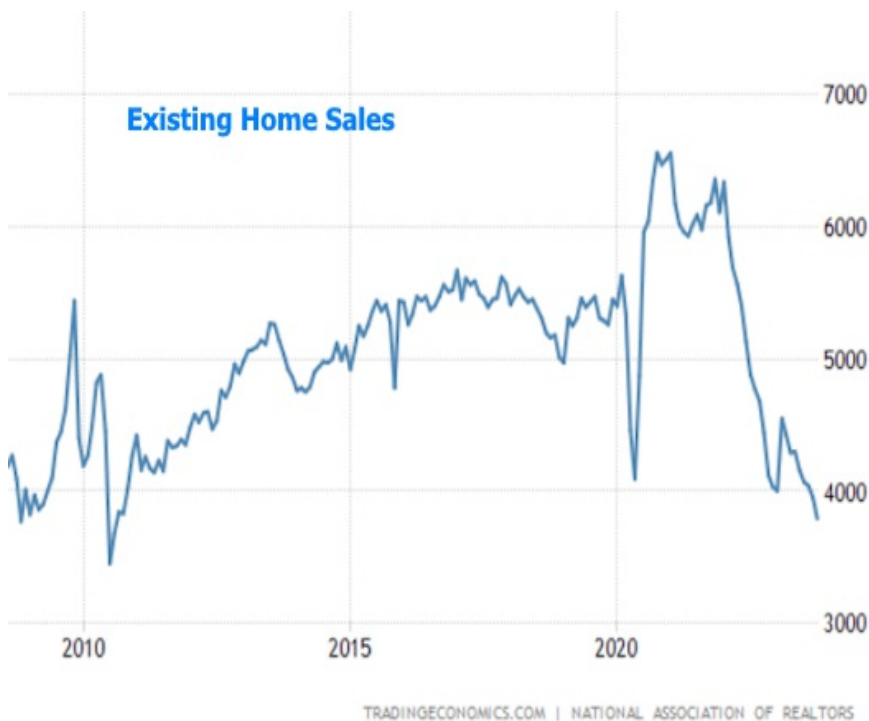
Office: 702-303-0243  
 Mobile: 702-303-0243  
[tompaynemortgage@gmail.com](mailto:tompaynemortgage@gmail.com)  
[View My Website](#)

## Housing Market Thankful For Lower Rates But The True Test is in Early December

*NOTE: this is an early version of the weekly newsletter that normally comes out on Friday. There will be no newsletter on Friday due to the Thanksgiving holiday.*

Mortgage rates have fallen significantly in November. For the housing market, it couldn't come at a more critical time, but the road ahead remains uncertain--mostly due to timing.

Here's what we're up against in terms of home sales (includes the most recent monthly result released this week):



Keep in mind that the market for EXISTING homes has been under more pressure compared to NEW homes. Some would say this is due to builders being able to offer financing incentives big enough to help buyers overcome affordability issues created by the highest rates in decades. Others would say that it's hard to sell many existing homes if people aren't interested in listing them for sale. Neither are wrong.

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	6.89%	0.00	0.00
15 Yr. Fixed	6.33%	+0.01	0.00
30 Yr. FHA	6.33%	+0.01	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.58%	0.00	0.00

### Freddie Mac

30 Yr. Fixed	6.77%	-0.09	0.00
15 Yr. Fixed	6.05%	-0.11	0.00

Rates as of: 7/22

## Market Data

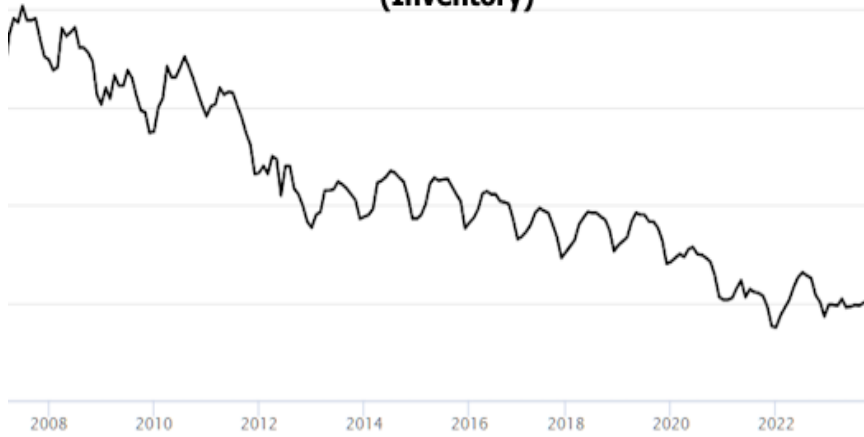
	Price / Yield	Change
MBS UMBS 5.5	99.31	-0.09
MBS GNMA 5.5	99.72	-0.05
10 YR Treasury	4.2721	+0.0342
30 YR Treasury	4.4866	+0.0398

Pricing as of: 7/22 12:53PM EST

## Recent Housing Data

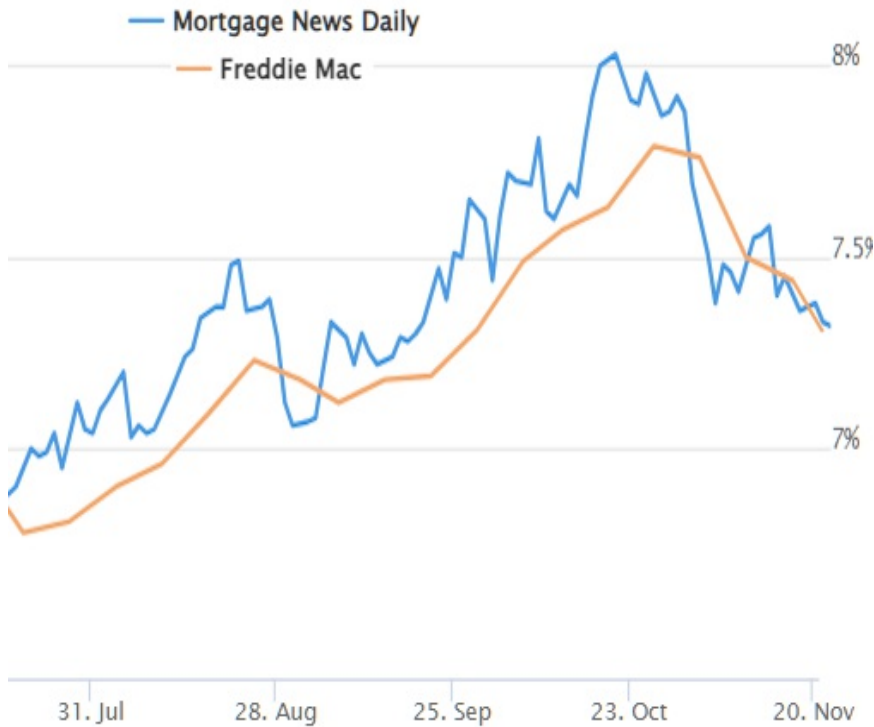
		Value	Change
Mortgage Apps	Jul 10	206.1	-0.19%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%
Builder Confidence	Mar	51	+6.25%

### Existing Homes, Units Available For Sale (Inventory)

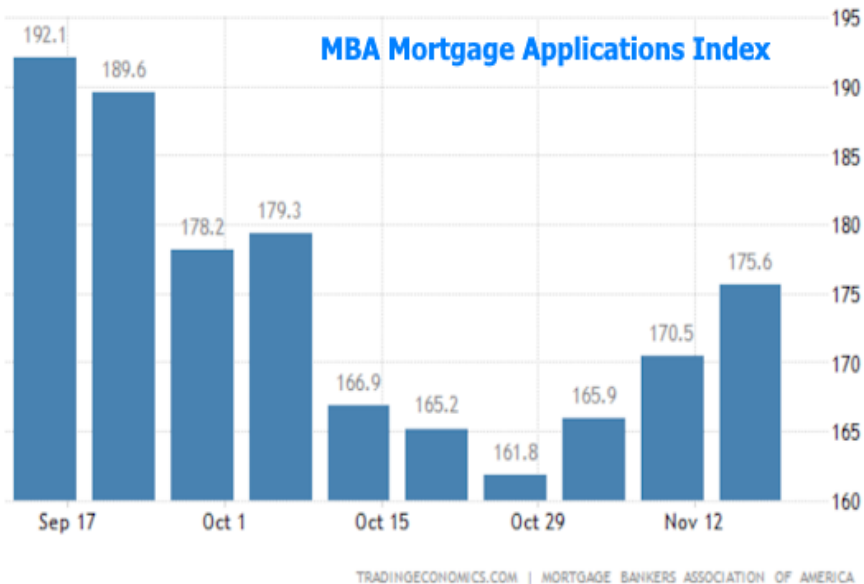


About those "highest rates in decades"... that's not exactly the case thanks to the past 4 weeks of improvement.

### 30 Year Fixed Mortgage Rates

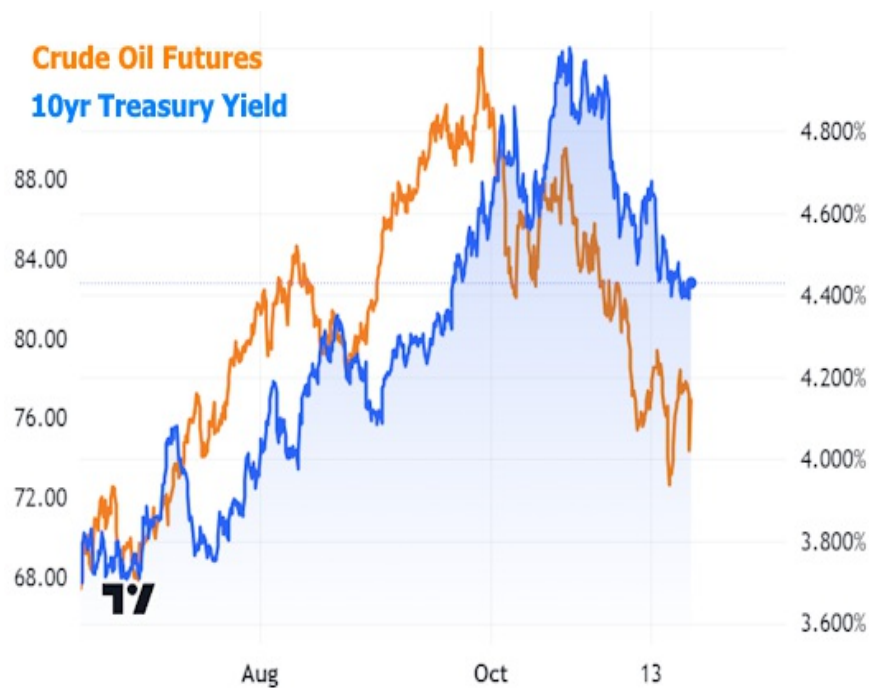


Mortgage applications are already acknowledging the shift.

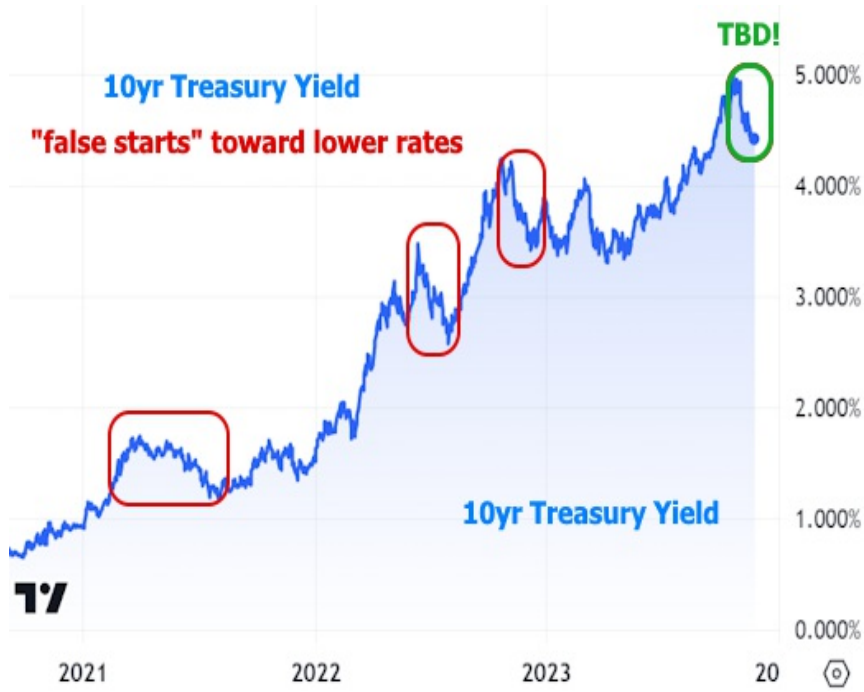


The bigger drop earlier in the month was due to a mix of economic data and events that happened to arrive at the same time that the Fed confirmed its rate outlook wasn't quite as bad as it conveyed at the September meeting ([here's a recap](#)). Last week's inflation data [helped confirm](#) that shift.

Other advance indicators like energy prices are helping investors feel calmer about believing that inflation has a chance to keep moving back toward target levels.



All that having been said, it's important to remember how convincing some of the previous "false starts" have been.



If we zoom in on the chart above (10yr yields are a good proxy for momentum in longer term rates like mortgages), we can see the inflection point around 4.38%. This acted as a ceiling before the September breakout and is now acting like a floor as the recent rate rally cools down.



Nothing about this line predicts the future. It is merely a milestone to be crossed, and it certainly will be crossed. Timing is the only uncertainty.

Economic data and inflation have helped get us this far and the same factors will be critical in determining the next step. That said, not just any economic data will do. There are only a handful of top tier reports that markets rely on for validation of highly consequential decisions.

The last time we saw any such data was last Tuesday and Wednesday. It's no surprise that subsequent days have been less volatile by comparison. The next glimpse of similarly important data will be the first full week of December culminating in the next jobs report on Friday the 8th.

This isn't to say that the upcoming week has nothing to offer. Rather, it could only be viewed as an opening act for the big show coming up in the following week. As always, interest rates thrive on uncertainty and economic weakness. The weaker the labor market, the more certain it becomes that 10yr yields will be moving (and staying) below 4.38%--a milestone that suggests mortgage rates in the low 7% range.

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## Recent Economic Data

Date	Event	Actual	Forecast	Prior
<b>Tuesday, Nov 21</b>				
10:00AM	Oct Existing home sales (ml)	3.79M	3.9M	3.96M
<b>Wednesday, Nov 22</b>				
7:00AM	Nov/17 MBA Refi Index	359.9		354.3
7:00AM	Nov/17 MBA Purchase Index	138.4		133.2
8:30AM	Nov/18 Jobless Claims (k)	209K	225K	231K
8:30AM	Oct Durable goods (%)	-5.4%	-3.1%	4.7%
8:30AM	Nov/11 Continued Claims (ml)	1840K		1865K
10:00AM	Nov Consumer Sentiment (ip)	61.3	60.5	63.8
10:00AM	Nov Sentiment: 1y Inflation (%)	4.5%	4.4%	4.2%
10:00AM	Nov Sentiment: 5y Inflation (%)	3.2%	3.2%	3%
<b>Monday, Nov 27</b>				
7:50AM	Oct Building permits: number (ml)	1.498M	1.487M	1.471M
10:00AM	Oct New Home Sales (ml)	0.679M	0.723M	0.759M
10:00AM	Oct New Home Sales (%) (%)	-5.6%		12.3%
11:30AM	2-Yr Note Auction (bl)	54		
1:00PM	5-Yr Note Auction (bl)	55		
<b>Tuesday, Nov 28</b>				
9:00AM	Sep FHFA Home Price Index m/m (%)	0.6%	0.4%	0.6%
9:00AM	Sep FHFA Home Prices y/y (%)	6.1%		5.6%
9:00AM	Sep Case Shiller Home Prices-20 y/y (%)	3.9%	4%	2.2%
9:00AM	Sep CaseShiller 20 mm nsa (%)	0.2%		0.4%
1:00PM	7-Yr Note Auction (bl)	39		
<b>Wednesday, Nov 29</b>				
7:00AM	Nov/24 MBA Purchase Index	144.9		138.4

## Event Importance:

No Stars = Insignificant

☆ Low

★ Moderate

★★ Important

★★★ Very Important

Date	Event	Actual	Forecast	Prior
7:00AM	Nov/24 MBA Refi Index	327.8		359.9
8:30AM	Q3 GDP (%)	5.2%	5%	2.1%
<b>Thursday, Nov 30</b>				
8:30AM	Nov/25 Jobless Claims (k)	218K	220K	209K
8:30AM	Nov/18 Continued Claims (ml)	1927K	1872K	1840K
8:30AM	Oct Core PCE Inflation (y/y) (%)	3.5%	3.5%	3.7%
8:30AM	Oct Core PCE (m/m) (%)	0.2%	0.2%	0.3%
9:45AM	Nov Chicago PMI	55.8	45.4	44
<b>Friday, Dec 01</b>				
10:00AM	Nov ISM Manufacturing PMI	46.7	47.6	46.7
<b>Wednesday, Jan 17</b>				
1:00PM	20-Yr Bond Auction (bl)	13		

## Update: Buyer Broker Agreement

After requests from real estate companies, a nonprofit consumer watchdog group the Consumer Federation of America has developed a list of factors to consider when creating a buyer contract in preparation for upcoming practice changes in the industry.

CFA released its "Proposed Criteria for Evaluating Home Buyer Contract Forms" on Tuesday. The 15 criteria focus on the contracts' form – whether the documents are readable and understandable – and content – whether they are fair to homebuyers.

- the document's expiration date (CFA recommends buyers asks for a three-month contract and never sign one longer than six months)
- the right to terminate the contract
- the disclosure that compensation is negotiable
- the broker's compensation clearly stated and that the buyer broker can't receive additional compensation for facilitating a sale
- that any additional fees, such as for showing a home, will be deducted from the broker's commission if there is a successful sale
- that the commission is due only if there is a successful closing
- that buyers have an obligation – for no longer than 60 days, CFA recommends – to pay a broker who earlier showed them a home they purchased after the contract ended
- seller concessions paid directly to buyers
- dual agency not pre-approved by the contract
- an explanation of how a broker treats different buyer clients interested in the same property
- that buyers should not be required to first go through mediation or arbitration if they have a complaint

Contact me for more information. 702-303-0243 or [TPayne@loandepot.com](mailto:TPayne@loandepot.com)

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